

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**JUNE 30, 2011**

**TABLE OF CONTENTS**

Officials		Page No. 1
Independent Auditor's Report		2-3
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART I</b>		
Management's Discussion and Analysis		4-15
<b>BASIC FINANCIAL STATEMENTS</b>	<b>Exhibit</b>	
<b>Government-wide Financial Statements:</b>		
Statement of Net Assets	A	16-17
Statement of Activities	B	18-20
<b>Governmental Fund Financial Statements:</b>		
Balance Sheet	C	21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances	E	23-24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	25-26
<b>Proprietary Fund Financial Statements:</b>		
Statement of Net Assets	G	27
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	28
Statement of Cash Flows	I	29
<b>Fiduciary Fund Financial Statements:</b>		
Statement of Fiduciary Net Assets	J	30
Statement of Changes in Fiduciary Net Assets	K	31
Notes to Financial Statements		32-50
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART II</b>		
Schedule of Funding Progress for the Retiree Health Plan		51
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual – All Governmental Funds and Proprietary Fund		52
Notes to Required Supplementary Information - Budgetary Reporting		53

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**JUNE 30, 2011  
TABLE OF CONTENTS  
(CONTINUED)**

	<b>Schedule</b>	<b>Page No.</b>
<b>OTHER SUPPLEMENTARY INFORMATION</b>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	55-56
Combining Balance Sheet - Capital Project Accounts	3	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Capital Project Accounts	4	58
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	59
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6	60
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	61-62
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		63-64
Schedule of Findings and Questioned Costs		65-68

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**OFFICIALS**

Name -----	Title -----	Term Expires -----
<b>Board of Education</b>		
Gary Griebel	President	2013
Kevin Lundin	Vice President	2011
Curt Hammond	Board Member	2013
Janet Sieverding	Board Member	2011
Martha Montgomery-Henning	Board Member	2011
<b>School Officials</b>		
Mike Healy	Superintendent	2011
Penny Medinger	District Secretary/Treasurer	2011
Ahlers & Cooney, P.C.	Attorney	2011

# **O'CONNOR, BROOKS & CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

W.H. LEGLAR, CPA  
S.J. DOMEYER, CPA  
M.A. KUEPERS, CPA  
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M.P. RUGGEBERG, CPA  
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E.A. SCHILLING, CPA

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of the  
Bellevue Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Bellevue Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District at June 30, 2011 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 5, 2012, on our consideration of Bellevue Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Management's Discussion and Analysis (page 4 to 15), budgetary comparison information (page 52), and the schedule of funding progress for the retiree health plan (page 51) are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2010 and for the six years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor, Brooks & Co., P.C.*

Dubuque, Iowa  
March 5, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Bellevue Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

- General Fund revenues increased from \$5,979,561 in fiscal 2010 to \$6,492,113 in fiscal 2011, for a total increase of \$512,552. Revenues from property tax increased \$205,977, revenues from tuition (open enrollment, special education, preschool) increased \$110,321, other local revenues increased \$30,856; revenues from intermediate sources increased \$15,308; revenues from state sources increased \$316,305; while revenues from federal sources decreased \$166,215. Federal decreases were due in part to the "American Recovery and Reinvestment Act" or "ARRA". This was economic stimulus funding handed out by the federal government that was decreased by over \$155,000 to the Bellevue CSD in FY11.
- General Fund expenditures increased from \$5,877,273 in fiscal 2010 to \$6,117,628 in fiscal 2011, a total increase of \$240,355.
- The District's General Fund balance increased from \$982,731 in fiscal 2010 to \$1,357,316 in fiscal 2011, an 38% increase from the prior year.
- The District's total tax levy rate for FY11 increased by \$0.35. The General Fund tax rate increased by \$0.82, some of it due to an increased cash reserve levy to make up for the state 10% funding cut in the prior year. The Management levy was decreased by \$0.59 to help offset the General Fund tax increase. The PPEL levy was increased back to the maximum \$1.34 from \$1.20 in FY10 with a 4% income surtax to help with building construction costs that resulted in a tax increase of \$0.12.
- The state authorized a 2% increase in new monies for school districts in FY11, but due to a decrease in enrollment (601.9 in FY10 to 589.8 in FY11) the Bellevue School District only realized a .14% increase.
- In April 2011, the School Board voted to renew the Instruction Support Levy through 2017.



## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this Section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide both short-term and long-term information about the District's overall financial status.
- The Fund Financial Statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The governmental funds statements explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending. The proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the Statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the District's budget for the year. Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

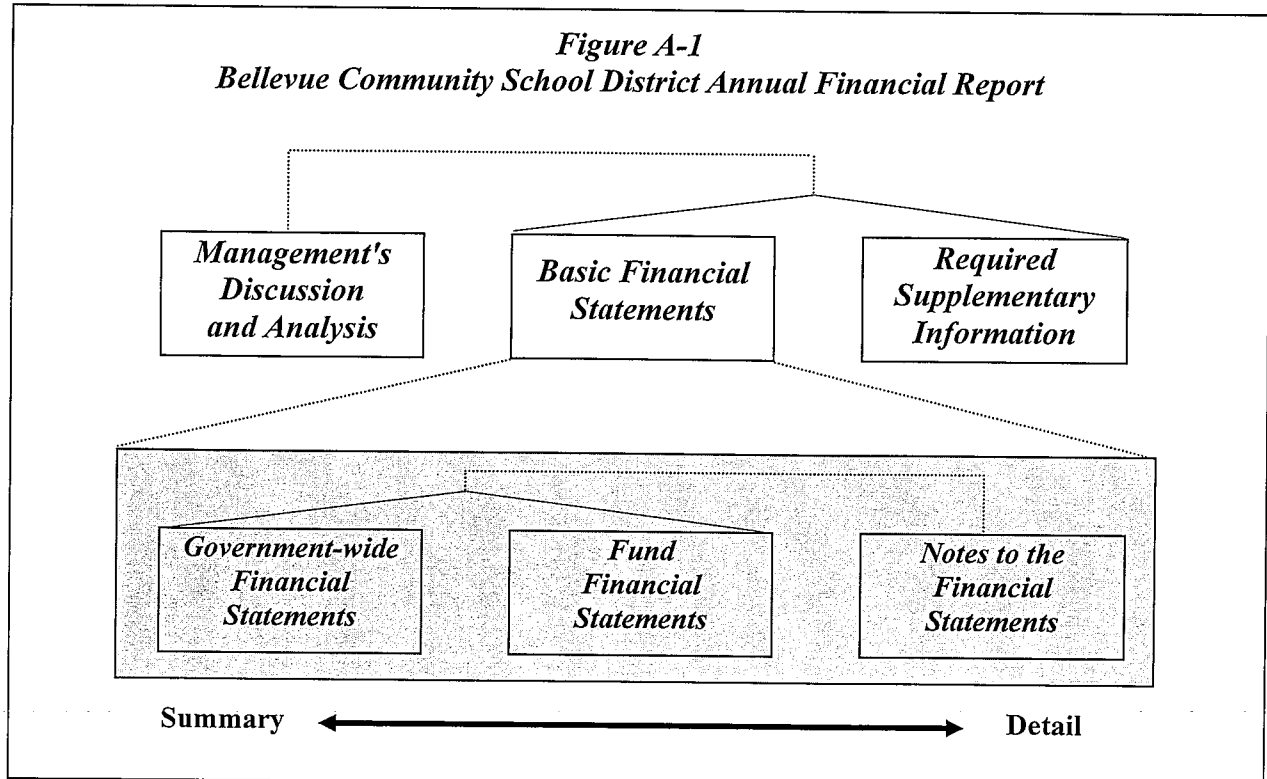


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

<p align="center"><b>Figure A-2</b>  <b>Major Features of the Government-Wide and Fund Financial Statements</b></p>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as the Big East Conference
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **Government-wide Financial Statements**

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency funds and Private-Purpose Trust funds.

Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. The District currently maintains agency funds for the Big East Conference and the Community Partnership for the Protection of Children.

Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

## Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-3							
	Condensed Statement of Net Assets						
	Governmental Activities June 30,		Business Type Activities June 30,		Total School District June 30,		Total Change June 30,
	2010	2011	2010	2011	2010	2011	2010-2011
Current and other assets	\$ 7,419,914	\$ 5,820,478	\$ 52,331	\$ 37,735	\$ 7,472,245	\$ 5,858,213	(21.6)%
Capital assets	7,003,163	8,373,375	6,323	6,271	7,009,486	8,379,646	19.5%
Total Assets	\$14,423,077	\$14,193,853	\$ 58,654	\$ 44,006	\$14,481,731	\$14,237,859	(1.7)%
Long-term liabilities	\$ 4,997,425	\$ 4,980,036	\$ 626	\$ 1,200	\$ 4,998,051	\$ 4,981,236	(0.3)%
Other liabilities	4,012,160	3,459,718	21,806	9,164	4,033,966	3,468,882	(14.0)%
Total Liabilities	\$ 9,009,585	\$ 8,439,754	\$ 22,432	\$ 10,364	\$9,032,017	\$ 8,450,118	(6.4)%
Net Assets:							
Invested in capital assets, net of related debt	\$3,372,623	\$ 3,461,149	\$ 6,323	\$ 6,271	\$3,378,946	\$ 3,467,420	3.0 %
Restricted	2,500,753	1,043,475	-	-	2,500,753	1,043,475	(58.3)%
Unrestricted	(459,884)	1,249,475	29,899	27,371	(429,985)	1,276,846	393.7%
Total Net Assets	\$5,413,492	\$ 5,754,099	\$ 36,222	\$ 33,642	\$5,449,714	\$ 5,787,741	6.2%

The District's total net assets increased by 6.2% to \$5,787,741. The major capital asset additions in 2010-2011 were laptop computers for each sophomore and freshman, smart boards, new lunch tables, floor scrubber, and the completion of the new addition at the middle/high school.

A long term liability of \$4,800,000 for a bond issue from the Local Option Sales Tax dollars was established for the multi-purpose room and commons area addition/remodel in FY10. The 1:1 laptop initiative for juniors and seniors was funded by a 4-year lease/purchase arrangement with Apple in FY10. An additional long-term liability for retired administrators' health insurance is incurred each year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$1,457,000 from the prior year mainly due to the Capital Projects fund balance being expended to finish the new addition.

Unrestricted net assets are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The State of Iowa adopted GASB 54 during FY11 and changed the way fund balances (restricted vs. unrestricted) were defined.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4							
Changes in Net Assets from Operating Results							
	Governmental		Business Type		Total		Percentage
	Activities		Activities		School District		Change
	2010	2011	2010	2011	2010	2011	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 570,930	\$ 670,298	\$ 151,327	\$ 157,186	\$ 722,257	\$ 827,484	14.6%
Operating grants, contributions and restricted interest	1,499,845	1,146,332	104,054	106,042	1,603,899	1,252,374	(21.9)%
Capital grants, contributions and restricted interest	11,000	35,351	-	-	11,000	35,351	221.4%
General revenues:							
Property taxes and other taxes	2,853,325	3,052,425	-	-	2,853,325	3,052,425	7.0%
Unrestricted state grants	1,973,920	2,488,522	-	473	1,973,920	2,488,995	26.1%
Other	76,555	51,490	641	(510)	77,196	50,980	(34.0)%
Total Revenues	\$6,985,575	\$7,444,418	\$ 256,022	\$ 263,191	\$7,241,597	\$ 7,707,609	6.4%
Expenses:							
Governmental activities:							
Instruction	\$4,016,371	\$ 4,105,355	\$ -	\$ -	\$ 4,016,371	\$ 4,105,355	2.2%
Support services	2,012,705	2,142,764	-	-	2,012,705	2,142,764	6.5%
Non-instructional programs	32,831	24,849	253,442	265,771	286,273	290,620	1.5%
Other expenses	376,453	830,843	-	-	376,453	830,843	120.7%
Total Expenses	\$6,438,360	\$ 7,103,811	\$ 253,442	\$ 265,771	\$ 6,691,802	\$ 7,369,582	10.1%
Change in Net Assets	\$ 547,215	\$ 340,607	\$ 2,580	\$ (2,580)	\$ 549,795	\$ 338,027	(38.5)%

As shown in figure A-4, net assets increased by \$211,768 in 2010-2011. Property and other taxes and unrestricted state aid account for 75% of the total revenue in governmental activities. While charges for services and operating grants accounted for almost 100% of the revenue in the business type activities.

The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses in the governmental funds.

### Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

<b>Figure A-5</b>						
	<b>Net Cost of Governmental Activities</b>					
	Total Cost		Percentage	Net Cost		Percentage
	of Services		Change	of Services		Change
	2010	2011	2010-2011	2010	2011	2010-2011
Instruction	\$ 4,016,371	\$ 4,105,355	2.2 %	\$ 2,300,426	\$ 2,668,864	16.0%
Support services	2,012,705	2,142,764	(63.6) %	1,918,274	583,766	69.6%
Non-instructional programs	32,831	24,849	(24.3)%	32,831	24,849	(24.3)%
Other expenses	376,453	830,843	495.1%	105,054	1,974,351	1,779.4%
Total	\$ 6,438,360	\$ 7,103,811	10.3 %	\$ 4,356,585	\$ 5,251,830	20.5%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$670,298.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,181,683.
- The net cost of governmental activities was financed with \$3,052,425 in various taxes, \$2,488,522 in state foundation aid and \$51,490 in miscellaneous income.

### **Business Type Activities**

Revenues of the District's business type activities were \$263,191 and expenses were \$265,771. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **Financial Analysis of the District's Funds**

As previously noted, the Bellevue Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,007,097.

### **Governmental Fund Highlights**

- In the District's General Fund, revenues increased and expenditures increased but slightly less than revenues resulting in a \$374,585 or 38% increase in fund balance. The tax rate between the two years for the general fund increased by \$0.82 per thousand.
- The Activity Fund ending balance decreased from the prior year by \$5,600.
- The Management Fund balance decreased from \$220,005 to \$48,056 mainly due to not offering an early retirement incentive in FY11 and having 6 employees take advantage of it.
- The PPEL Fund balance increased from \$141,092 to \$167,096.
- The Capital Projects Fund balance decreased from \$1,780,274 to \$351,904 due to the completion of the new HS/MS addition.

## **Proprietary Fund Highlights**

- The School Nutrition Fund net assets decreased from \$36,222 at June 30, 2010 to \$33,642 at June 30, 2011.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District made one amendment to its annual operating budget. A schedule showing the original budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on the following pages.

## **Legal Budgetary Highlights**

The District's total actual revenues were within \$127,000 of the total budgeted revenues, a variance of 2%.

Total expenditures were \$4.1 million less than budgeted due primarily to the District's practice to budget expenditures at the maximum authorized spending authority for each fund to avoid the time and expense of amending the budget. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year as it did in 2010-2011.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At June 30, 2011, the District had invested \$8.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 17% from last year because of the construction in progress on the multi-purpose room and commons area addition/remodel. Depreciation expense for the year exceeded \$401,000.

The original cost of the District's capital assets was over \$12 million. Governmental funds account for over 99% of these assets with less than 1% in the Proprietary, School Nutrition Fund.



Capital assets added to the district's inventory during the year included.

Figure A-6							
	Capital Assets, Net of Depreciation						Total  Change 2010-2011
	Governmental		Business Type		Total		
	Activities		Activities		School District		
	2010	2011	2010	2011	2010	2011	
Land	\$ 29,200	\$ 29,200	\$ -	\$ -	\$ 29,200	\$ 29,200	0.00%
Construction in progress	3,442,948	---	-	-	3,442,948	---	(100.0)%
Buildings	2,054,678	6,922,643	-	-	2,054,678	6,922,643	236.9%
Improvements other than buildings	679,746	458,337	-	-	679,746	458,337	(32.6)%
Equipment & furniture	964,649	963,195	6,323	6,271	970,972	969,466	(0.2)%
Total	\$7,171,221	\$8,373,375	\$ 6,323	\$ 6,271	\$7,177,544	\$ 8,379,646	16.7%

### Long-Term Debt

At June 30, 2011, the District had \$4,830,000 in revenue bonds outstanding. This represents an increase of approximately 1,858% from last year. (See Figure A-7) These bonds were issued for the high school multi-purpose room and commons area addition/remodel. The capital lease obligation is for laptop computers for the 1:1 computing initiative at the high school.

<b>Figure A-7</b>			
<b>Outstanding Long-Term Obligations</b>			
	<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>	<b>June 30,</b>	
	<b>2010</b>	<b>2011</b>	<b>2010-2011</b>
Revenue bonds	\$4,830,000	\$4,830,000	0.0%
Capital lease obligation	120,358	82,226	(31.7)
Total	<u>\$4,950,358</u>	<u>\$4,912,226</u>	<u>(0.8)%</u>

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The certified enrollment count taken in September of 2011 was 568.08. This count represents a 22 student decrease from the prior year. This decrease in students will affect next year's funding. Since the 1998-1999 fiscal year (the highest enrollment year in recent history), Bellevue has lost a total of 153 students on its certified count. All current projections anticipate this decline to continue. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.

- Bellevue, along with Maquoketa, entered into a whole-grade sharing agreement with Andrew CSD for the 2011-2012 school year for grades 9-12. This sharing agreement will continue at least through the 2013-2014 school year. In FY12 Bellevue gained a total of 21 students from Andrew.
- The District will need to negotiate with the teachers union during 2011-2012 for FY13 school year. The District negotiated a 3.1% total package increase for FY12 and received a negative 1.14% in new monies. Salary and benefits represent over 80% of general fund expenditures. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance. The district’s unspent balance increased \$370,000. The unspent balance is defined as unspent spending authority; therefore it does not necessarily represent an actual cash balance. It is crucial to note that unspent balance dollars can only be spent once. Dedicating these resources to ongoing costs, such as salaries, would require some other source of revenue or an expenditure adjustment for any subsequent year.
- The district pays all but \$300 per year of full-family insurance for all full-time certified employees and 100% of any single policy. The health insurance increases in the last two years have been reasonable at 4.5% and 2%. It is anticipated that the increase for FY12 will be 0% or less. Health insurance increases in the past have been as high as 20%. Unanticipated high insurance increases after settlement of the union contract could negatively affect the financial health of the District.
- On July 12, 2012 the employer share of IPERS will increase from 8.07% to 8.67%, which will cost the District an additional \$21,000 per year.
- The state requires public schools to bus nonpublic students in their district, but has failed to allocate enough money in the last 9 years to cover the entire cost of nonpublic transportation. Unless legislation increases the nonpublic allotment in the future, the shortages will continue. Over the last 10 years, this district has been shorted over \$121,000 in nonpublic transportation reimbursements. The district has no other options to recoup those dollars.
- The District has participated in the instructional support levy since 1997-98. For this levy, schools are allowed to levy for up to an additional 10% of their combined regular program district costs, with the state funding 25% and property tax funding 75% of this levy. When the district began this levy, the state was only funding 55% of their portion. In FY12, the state only funded 0% of their portion. Over the last 14 years, this has resulted in state dollars lost of over \$812,000. Unless the state allocates more dollars to this levy, their portion will continue to decline and the district losses will increase.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Penny Medinger, District Secretary/Treasurer and Business Manager, Bellevue Community School District, 1601 State Street, Bellevue, Iowa, 52031-9766.

**BASIC  
FINANCIAL  
STATEMENTS**

## EXHIBIT "A"

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
<b>Assets</b>			
Cash and cash equivalents	\$ 2,613,022	\$ 32,008	\$ 2,645,030
Receivables:			
Property tax:			
Delinquent	34,522	---	34,522
Succeeding year	2,566,937	---	2,566,937
Income surtax	142,565	---	142,565
Accounts	4,698	19	4,717
Due from other governments	364,095	---	364,095
Prepaid expenses	12,096	---	12,096
Deferred debt expense	57,214	---	57,214
Inventories	25,329	5,708	31,037
Capital assets, net of accumulated depreciation	8,373,375	6,271	8,379,646
	-----	-----	-----
Total Assets	\$ 14,193,853	\$ 44,006	\$ 14,237,859
	-----	-----	-----
<b>Liabilities</b>			
Accounts payable	\$ 208,965	\$ ---	\$ 208,965
Salaries and benefits payable	464,144	5,308	469,452
Accrued interest payable	91,858	---	91,858
Due to other governments	60,584	---	60,584
Deferred revenue:			
Succeeding year property tax	2,566,937	---	2,566,937
Other	67,230	3,856	71,086
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	155,000	---	155,000
Early retirement payable	2,010	---	2,010
Capital lease obligation	40,086	---	40,086
Portion due after one year:			
Revenue bonds payable	4,675,000	---	4,675,000
Capital lease obligation	42,140	---	42,140
Net OPEB liability	65,800	1,200	67,000
	-----	-----	-----
Total Liabilities	\$ 8,439,754	\$ 10,364	\$ 8,450,118
	-----	-----	-----

See notes to financial statements.

**EXHIBIT "A" (Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	Governmental Activities -----	Business Type Activities -----	Total -----
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 3,461,149	\$ 6,271	\$ 3,467,420
Restricted for:			
Categorical funding	222,717	---	222,717
Debt Service	383,330	---	383,330
Management levy	45,041	---	45,041
Physical plant and equipment levy	309,661	---	309,661
Student activities	82,726	---	82,726
Unrestricted	1,249,475	27,371	1,276,846
	-----	-----	-----
Total Net Assets	\$ 5,754,099	\$ 33,642	\$ 5,787,741
	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business Type Activities	Total
<b>Functions/Programs</b>	Expenses						
<b>Governmental Activities:</b>							
Instruction:							
Regular instruction	\$ 2,381,964	\$ 368,729	\$ 515,371	\$ 30,351	\$ (1,467,513)	\$ ---	\$ (1,467,513)
Special instruction	796,472	106,450	225,347	---	(464,675)	---	(464,675)
Other instruction	926,919	178,660	11,583	---	(736,676)	---	(736,676)
	---	---	---	---	---	---	---
Total Instruction	\$ 4,105,355	\$ 653,839	\$ 752,301	\$ 30,351	\$ (2,668,864)	\$ ---	\$ (2,668,864)
	---	---	---	---	---	---	---
<b>Support Services:</b>							
Student	\$ 195,899	\$ 794	\$ ---	\$ ---	\$ (195,105)	\$ ---	\$ (195,105)
Instructional staff	240,059	---	64,396	---	(175,663)	---	(175,663)
Administration	593,210	670	---	---	(592,540)	---	(592,540)
Operation and maintenance of plant	626,408	290	---	---	(626,118)	---	(626,118)
Transportation	487,188	14,009	69,583	---	(403,596)	---	(403,596)
	---	---	---	---	---	---	---
Total Support Services	\$ 2,142,764	\$ 15,763	\$ 133,979	\$ ---	\$ (1,993,022)	\$ ---	\$ (1,993,022)
	---	---	---	---	---	---	---
Non-instructional Programs	\$ 24,849	\$ ---	\$ ---	\$ ---	\$ (24,849)	\$ ---	\$ (24,849)
	---	---	---	---	---	---	---

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs</b>	Expenses					
Governmental Activities: (Continued)						
Other Expenditures:						
Facilities acquisition	\$ 315,686	\$ 696	\$ 5,000	\$ (309,990)	\$ ---	\$ (309,990)
Long-term debt interest	192,389	---	---	(192,389)	---	(192,389)
AEA flowthrough	260,052	260,052	---	---	---	---
Depreciation (unallocated)*	62,716	---	---	(62,716)	---	(62,716)
Total Other Expenditures	\$ 830,843	\$ 260,052	\$ 5,000	\$ (565,095)	\$ ---	\$ (565,095)
Total Governmental Activities	\$ 7,103,811	\$ 1,146,332	\$ 35,351	\$ (5,251,830)	\$ ---	\$ (5,251,830)
Business Type Activities:						
Non-instructional programs:						
Food service operations	265,771	157,186	106,042	---	(2,543)	(2,543)
Total	\$ 7,369,582	\$ 827,484	\$ 1,252,374	\$ (5,251,830)	\$ (2,543)	\$ (5,254,373)

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>General Revenues</b>						
Property Tax Levied For:				\$ 2,310,437	\$ ---	\$ 2,310,437
General purposes				165,194	---	165,194
Capital outlay				159,561	---	159,561
PPEL support surtax				417,233	---	417,233
Statewide sales, services and use tax				2,488,522	---	2,488,522
Unrestricted state grants				24,646	473	25,119
Unrestricted investment earnings				55,712	---	55,712
Other				(28,868)	(510)	(29,378)
Loss on disposal of capital assets						
<b>Total General Revenues</b>				\$ 5,592,437	\$ (37)	\$ 5,592,400
<b>Change in Net Assets</b>				\$ 340,607	\$ (2,580)	\$ 338,027
<b>Net Assets Beginning of Year, as Restated</b>				5,413,492	36,222	5,449,714
<b>Net Assets End of Year</b>				\$ 5,754,099	\$ 33,642	\$ 5,787,741

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
<b>Assets</b>				
Cash and cash equivalents	\$1,658,325	\$ 579,129	\$ 375,568	\$2,613,022
Receivables:				
Property tax:				
Delinquent	31,609	2,211	702	34,522
Succeeding year	2,260,005	164,932	142,000	2,566,937
Income surtax	---	142,565	---	142,565
Accounts	3,742	956	---	4,698
Due from other governments	227,669	136,426	---	364,095
Prepaid expenses	11,091	---	1,005	12,096
Inventories	25,329	---	---	25,329
	-----	-----	-----	-----
Total Assets	\$4,217,770	\$1,026,219	\$ 519,275	\$5,763,264
	=====	=====	=====	=====
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 8,491	\$ 199,723	\$ ---	\$ 208,214
Accrued interest and principle payable	---	---	246,493	246,493
Salaries & benefits payable	464,144	---	---	464,144
Due to other governments	60,584	---	---	60,584
Deferred revenue:				
Succeeding year property tax	2,260,005	164,932	142,000	2,566,937
Income surtax	---	142,565	---	142,565
Other	67,230	---	---	67,230
	-----	-----	-----	-----
Total Liabilities	\$2,860,454	\$ 507,220	\$ 388,493	\$3,756,167
	-----	-----	-----	-----
Fund Balances:				
Nonspendable:				
Inventories	\$ 25,329	\$ ---	\$ ---	\$ 25,329
Prepaid expenses	11,091	---	1,005	12,096
Restricted for:				
Categorical funding	222,717	---	---	222,717
Debt Service	---	383,330	---	383,330
Student Activities	---	---	82,726	82,726
Management levy purposes	---	---	47,051	47,051
Physical plant and equipment	---	167,096	---	167,096
Unassigned	1,098,179	(31,427)	---	1,066,752
	-----	-----	-----	-----
Total Fund Balances	\$1,357,316	\$ 518,999	\$ 130,782	\$2,007,097
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$4,217,770	\$1,026,219	\$ 519,275	\$5,763,264
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

<b>Total fund balances of governmental funds</b>	\$ 2,007,097
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets of \$12,256,871, net of accumulated depreciation of (\$3,883,496) are not financial resources and, therefore, are not reported in the funds.	8,373,375
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	142,565
Long-term liabilities of (\$4,825,036) are not due and payable in the current period and are not reported in the funds. Other related amounts included deferred debt expense of \$57,214 and bond interest payable of (\$1,116).	(4,768,938)
<b>Net assets of governmental activities</b>	\$ <u><u>5,754,099</u></u>

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	General	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
<b>Revenues</b>				
Local sources:				
Local tax	\$2,260,344	\$ 736,115	\$ 50,093	\$3,046,552
Tuition	440,361	---	---	440,361
Other	131,595	15,164	173,740	320,499
Intermediate sources	25,086	---	---	25,086
State sources	3,227,381	144	44	3,227,569
Federal sources	407,346	---	---	407,346
	-----	-----	-----	-----
Total Revenues	\$6,492,113	\$ 751,423	\$ 223,877	\$7,467,413
	-----	-----	-----	-----
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$2,284,014	\$ 17,103	\$ 154,090	\$2,455,207
Special	854,220	---	---	854,220
Other	782,178	---	166,503	948,681
	-----	-----	-----	-----
Total Instruction	\$3,920,412	\$ 17,103	\$ 320,593	\$4,258,108
	-----	-----	-----	-----
Support Services:				
Student	\$ 194,004	\$ ---	\$ 362	\$ 194,366
Instructional staff	256,045	---	234	256,279
Administration	589,320	---	17,566	606,886
Operation and maintenance of plant	484,644	11,251	39,288	535,183
Transportation	413,151	---	19,147	432,298
	-----	-----	-----	-----
Total Support Services	\$1,937,164	\$ 11,251	\$ 76,597	\$2,025,012
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ 17,461	\$ 4,284	\$ 21,745
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$1,724,942	\$ ---	\$1,724,942
Long-term debt:				
Interest and fiscal charges	---	---	383,033	383,033
AEA flowthrough	260,052	---	---	260,052
	-----	-----	-----	-----
Total Other Expenditures	\$ 260,052	\$1,724,942	\$ 383,033	\$2,368,027
	-----	-----	-----	-----

See notes to financial statements.

**EXHIBIT "E" (Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	General	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
<b>Expenditures (Continued)</b>				
Total Expenditures	\$ 6,117,628	\$ 1,770,757	\$ 784,507	\$ 8,672,892
	-----	-----	-----	-----
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ 374,485	\$(1,019,334)	\$ (560,630)	\$(1,205,479)
	-----	-----	-----	-----
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ ---	\$ ---	\$ 383,033	\$ 383,033
Operating transfers out	---	(383,033)	---	(383,033)
Sale of equipment and materials	100	---	---	100
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 100	\$ (383,033)	\$ 383,033	\$ 100
	-----	-----	-----	-----
Net Change in Fund Balances	\$ 374,585	\$(1,402,367)	\$ (177,597)	\$(1,205,379)
	-----	-----	-----	-----
Fund Balances Beginning of Year	982,731	1,921,366	308,379	3,212,476
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,357,316	\$ 518,999	\$ 130,782	\$ 2,007,097
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

**Net change in fund balances - total governmental funds** **\$ (1,205,379)**

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$1,800,437 exceeded depreciation of (\$401,257) in the current period. 1,399,180

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (28,968)

Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 5,873

Future long-term debt principal payments accrued and reported as expenditures in the governmental fund financial statements are not shown as reductions in long-term debt in the government-wide financial statements until payment is made to the bondholders. 155,000

The governmental fund financial statements reflect bond issuance costs as an expenditure and premiums on debt issuance as a component of other financing sources. The government-wide financial statements present the unamortized amount of bond issuance cost and premium on bond issuances as an asset and liability, respectively, net of amortization. This amount represents the current year amortization of these long-term debt related costs. (3,011)

**EXHIBIT "F"(Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in early retirement payable of \$11,783, the net increase in other post employment benefits of \$(32,526), and the net decrease in accrued interest of \$38,655.

17,912

**Change in net assets of governmental activities**

\$ 340,607

See notes to financial statements.

**EXHIBIT "G"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2011**

	School Nutrition -----
<b>Assets</b>	
Cash and cash equivalents	\$ 32,008
Accounts receivable	19
Inventories	5,708
Capital assets, net of accumulated depreciation	6,271
	-----
Total Assets	\$ 44,006
	-----
<b>Liabilities</b>	
Salaries and benefits payable	\$ 5,308
Unearned revenue	3,856
Net OPEB liability	1,200
	-----
Total Liabilities	\$ 10,364
	-----
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 6,271
Unrestricted	27,371
	-----
Total Net Assets	\$ 33,642 =====

See notes to financial statements.



**EXHIBIT "H"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2011**

	School Nutrition -----
<b>Operating Revenue</b>	
Local sources:	
Charges for services	\$ 157,186 -----
<b>Operating Expenses</b>	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 108,539
Benefits	21,352
Purchased services	4,641
Supplies	130,027
Depreciation	1,212 -----
Total Operating Expenses	\$ 265,771 -----
Operating Loss	\$ (108,585) -----
<b>Non-operating Revenues (Expenses)</b>	
State sources	\$ 2,469
Federal sources	103,573
Interest income	473
Loss on disposal of capital assets	(510) -----
Total Non-operating Revenues	\$ 106,005 -----
Decrease in net assets	\$ (2,580)
Net Assets Beginning of Year	36,222 -----
Net Assets End of Year	\$ 33,642 =====

See notes to financial statements.

**EXHIBIT "I"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2011**

	School Nutrition
<b>Cash Flows From Operating Activities</b>	-----
Cash received from sale of lunches and breakfasts	\$ 157,260
Cash paid to employees for services	(141,996)
Cash paid to suppliers for goods and services	(116,128)
	-----
Net Cash Used by Operating Activities	\$ (100,864)
	-----
<b>Cash Flows From Non-Capital Financing Activities</b>	
State grants received	\$ 2,469
Federal grants received	85,490
	-----
Net Cash Provided by Non-Capital Financing Activities	\$ 87,959
	-----
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of capital assets	\$ (1,671)
	-----
<b>Cash Flows From Investing Activities</b>	
Interest on investments	\$ 473
	-----
Net Decrease in Cash and Cash Equivalents	\$ (14,103)
	-----
Cash and Cash Equivalents Beginning of Year	46,111
	-----
Cash and Cash Equivalents End of Year	\$ 32,008
	=====
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating loss	\$ (108,585)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	18,083
Depreciation	1,212
Decrease in inventories	457
Decrease in accounts receivable	37
Decrease in salaries and benefits payable	(12,679)
Increase in unearned revenues	37
Increase in net OPEB liability	574
	-----
Net Cash Used by Operating Activities	\$ (100,864)
	=====

**Non-Cash Investing, Capital and Financing Activities**

During the year ended June 30, 2011, the District received \$18,083 of federal commodities.  
See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011**

	Private Purpose Trust	
	----- Scholarship -----	----- Agency -----
<b>Assets:</b>		
Cash and pooled investments	\$ 4,758	\$ 3,292
Accounts receivable	---	5,502
	-----	-----
Total Assets	\$ 4,758	\$ 8,794
	-----	-----
<b>Liabilities</b>		
Due to other governments	\$ ---	\$ 3,796
Bank overdrafts	---	4,998
	-----	-----
Total Liabilities	\$ ---	\$ 8,794
	-----	-----
<b>Net Assets:</b>		
Reserved for scholarships	\$ 4,758	\$ ---
	=====	=====

See notes to financial statements.

**EXHIBIT "K"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2011**

	Private Purpose Trust Scholarship -----
<b>Additions:</b>	
Local sources:	
Gifts and contributions	\$ 6,250
	-----
Total Additions	\$ 6,250
 <b>Deductions:</b>	
Support services:	
Scholarships awarded	3,000
	-----
Change in Net Assets	\$ 3,250
Net Assets Beginning of Year	1,508
	-----
Net Assets End of Year	\$ 4,758
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies:**

The Bellevue Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Bellevue, Iowa, and the predominate agricultural territory in Jackson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Bellevue Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Bellevue Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jackson County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**B. Basis of Presentation (Continued)**

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**B. Basis of Presentation (Continued)**

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**D. Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

**Cash, Pooled Investments and Cash Equivalents** - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statements of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

**Property Tax Receivable** - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2009, assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

**Due From Other Governments** - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**Inventories** - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

**Capital Assets** - Capital assets which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	All
Buildings	\$ 500
Improvements other than buildings	500
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-7 years

**Due to Other Governments** - Due to other governments represents amounts due to other governmental units for various purposes such as supplies, utilities, and Special Education tuition.

**Salaries and Benefits Payable** - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**Deferred Revenue** - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, income surtax and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

**Compensated Absences** - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently no liability at June 30, 2011 has been accrued.

**Long-term Obligations, Deferred Debt Expense, and Bond Discounts/Premiums** - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**Fund Equity** - In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

**Unassigned** - All amounts not included in other spendable classifications.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**Restricted Net Assets** - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

**F. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 - Cash and Pooled Investments:**

The District's deposits in banks at June 30, 2011, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**Interest rate risk** - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the district.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 3 - Interfund Transfers:**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to -----	Transfer from -----	Amount -----
Debt service	Capital projects	\$ 383,033

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Note 4 - Categorical Funding:**

The District's restricted fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Programs -----	Amount -----
Salary improvement plan	\$ 32,566
Voluntary preschool program	79,325
Professional development for model core curriculum	27,087
Educator quality, market factor incentives	6,714
Professional development	11,512
Gifted and talented	46,556
Drop out prevention program	18,957
	-----
	\$ 222,717
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 5 - Capital Assets:**

Capital assets activity for the year ended June 30, 2011, was as follows:

	Balance Beginning of Year	Increases	Decreases	Prior Period Adjustment	Balance End of Year
<b>Governmental Activities:</b>	-----	-----	-----	-----	-----
Capital Assets Not Being Depreciated:					
Land	\$ 29,200	\$ ---	\$ ---	\$ ---	\$ 29,200
Construction in progress	3,442,948	---	3,442,948	---	---
	-----	-----	-----	-----	-----
Total Capital Assets Not Being Depreciated	\$ 3,472,148	\$ ---	\$3,442,948	\$ ---	\$ 29,200
	=====	=====	=====	=====	=====
Capital assets being depreciated:					
Buildings	\$ 3,952,723	\$ 4,991,816	\$ 73,500	\$ 28,574	\$ 8,899,613
Improvements other than buildings	723,099	---	62,400	144,232	804,931
Furniture and equipment	3,025,844	251,569	58,061	(696,225)	2,523,127
	-----	-----	-----	-----	-----
Total Capital Assets Being Depreciated	\$ 7,701,666	\$ 5,243,385	\$ 193,961	\$ (523,419)	\$12,227,671
	-----	-----	-----	-----	-----
Less Accumulated depreciation for:					
Buildings	\$ 1,914,169	\$ 126,900	\$ 51,649	\$ (12,450)	\$ 1,976,970
Improvements other than buildings	284,064	28,451	62,400	96,479	346,594
Furniture and equipment	2,079,641	245,906	50,944	(714,671)	1,559,932
	-----	-----	-----	-----	-----
Total Accumulated Depreciation	\$ 4,277,874	\$ 401,257	\$ 164,993	\$ (630,642)	\$ 3,883,496
	-----	-----	-----	-----	-----
Total Capital Assets Being Depreciated, Net	\$ 3,423,792	\$ 4,842,128	\$ 28,968	\$ 107,223	\$ 8,344,175
	-----	-----	-----	-----	-----
Governmental Activities Capital Assets, Net	\$ 6,895,940	\$ 4,842,128	\$3,471,916	\$ 107,223	\$ 8,373,375
	=====	=====	=====	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 5 - Capital Assets: (Continued)**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
<b>Business Type Activities:</b>				
Furniture and equipment	\$ 14,404	\$ 1,671	\$ 1,216	\$ 14,859
Less accumulated depreciation	8,081	1,212	705	8,588
	-----	-----	-----	-----
Business Type Activities Capital Assets, Net	\$ 6,323	\$ 459	\$ 511	\$ 6,271
	=====	=====	=====	=====

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 81,708
Special instruction	39,103
Other instruction	3,598

Support services:

Student support	---
Instructional staff support	5,807
Administration	7,565
Operation and maintenance of plant	117,479
Transportation	80,177
Non-instructional	3,104
Unallocated	62,716

Total Depreciation Expense - Governmental Activities	\$ 401,257
------------------------------------------------------	------------

Business type activities:

Food service operations	\$ 1,212
-------------------------	----------

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 6 - Long-Term Liabilities:**

Changes in long-term liabilities for the year ended June 30, 2011, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Governmental Activities:					
Revenue bonds	\$4,830,000	\$ ---	\$ ---	\$ 4,830,000	\$ 155,000
Capital Lease Obligation	120,358	---	38,132	82,226	40,086
Early retirement	13,793	138,072	149,855	2,010	2,010
Net OPEB liability	33,274	32,526	---	65,800	---
	-----	-----	-----	-----	-----
Total	\$4,997,425	\$ 170,598	\$ 187,987	\$4,980,036	\$ 197,096
	=====	=====	=====	=====	=====
Business Type Activities:					
Net OPEB liability	\$ 626	\$ 574	\$ ---	\$ 1,200	\$ ---
	=====	=====	=====	=====	=====

**Revenue Bonds Payable**

Details of the District's June 30, 2011, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30	Interest Rates	Principal	Interest	Total
-----	-----	-----	-----	-----
2012	2.00%	\$ 155,000	\$ 180,322	\$ 335,322
2013	2.25%	160,000	177,560	337,560
2014	2.50%	200,000	173,710	373,710
2015	2.75%	200,000	168,960	368,960
2016	3.00%	200,000	163,710	363,710
2017 - 2021	3.25 - 4.00%	1,140,000	713,304	1,853,304
2022 - 2026	4.10 - 4.40%	1,405,000	466,054	1,871,054
2027 - 2030	4.50 - 4.70%	1,370,000	129,945	1,499,945
		-----	-----	-----
Total		\$4,830,000	\$2,173,565	\$7,003,565
		=====	=====	=====

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 6 - Long-Term Liabilities: (Continued)**

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- (a) Interest on the July Bonds is payable on July 1 and January 1 in each year beginning July 1, 2010, to the registered owners thereof. The Bonds will mature serially on July 1. Bonds maturing after July 1, 2021, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.
- (b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.
- (c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- (d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Sales Services and Use Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- (e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which Reserve Fund will be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds or (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 6 - Long-Term Liabilities: (Continued)**

The District did comply with all of the provisions during the year ended June 30, 2011. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

**Early Retirement**

The District offers the following early retirement plans to its employees in fiscal year 2011.

Administration - Eligible employees must be at least age fifty-eight and must have completed fifteen years of administrative service or a combination of twenty-five years of teaching and administrative service with at least the final five years of said service in administration. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 40% of the administrator's salary at the time of employment. The District will provide health insurance from age 58 to 65, or until the retiree becomes insured through another plan. Early retirement benefits paid to administrators during the year ended June 30, 2011 totaled \$11,783.

Teachers - Eligible employees must be at least age fifty-five and must have completed twenty years of full time employment, or its equivalence. Employees must complete a written application which is required to be approved by the Board of Education. The early retirement incentive for each eligible teacher is equal to 150% of substitute pay multiplied by 30 days of unused sick leave. Early retirement benefits paid to teachers during the year ended June 30, 2011 totaled \$138,072.

Non-certified - Eligible employees must be at least age fifty-five and must have completed twenty years of full-time continuous service. Employees must complete an application for early retirement. The early retirement incentive is equal to an amount representing fifty days of pay at the employee's rate of pay at the time of retirement. The employee shall be eligible to continue participation in the school district's group insurance plan at the employee's expense. No early retirement benefits paid to noncertified employees during the year ended June 30, 2011.

**Capital Lease Payable**

The District entered into a lease agreement for laptop computers totaling \$164,656. Accumulated amortization as of June 30, 2011 was \$40,124. Future lease payments including interest at 5.123% are summarized as follows:

Year Ended June 30	
-----	
2012	\$ 44,298
2013	44,298
	-----
	\$ 88,596
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 7 - Pension and Retirement Benefits:**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009, were \$281,007, \$235,944, and \$234,680, respectively, equal to the required contributions for each year.

**Note 8 - Other Postemployment Benefits (OPEB)**

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits to retirees and their spouses. There are 54 active and 8 retired members of the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 8 - Other Postemployment Benefits (OPEB): (Continued)**

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 33,900
Interest on net OPEB obligation	800
Adjustment to annual required contribution	(1,600)
	-----
Annual OPEB cost	\$ 33,100
Contributions made	---
	-----
Increase in net OPEB obligation	\$ 33,100
Net OPEB obligation beginning of year	33,900
	-----
Net OPEB obligation end of year	\$ 67,000
	=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$40,100, or 100% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 33,900	---%	\$ 33,900
June 30, 2011	33,100	---%	67,000

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 8 - Other Postemployment Benefits (OPEB): (Continued)**

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$342,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$342,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,703,880 and the ratio of the UAAL to covered payroll was 9.2%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The UAAL is being amortized as a level dollar on a closed basis over 30 years.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 9 - Risk Management:**

Bellevue Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 10 - Area Education Agency:**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$260,052 for the year ended June 30, 2011, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 11 - Contingency:**

**Early Retirement** - As of June 30, 2011, several District employees met the eligibility criteria for early retirement but did not request it. Therefore, no liability was recorded for those individuals. The District's unrecorded contingent liability for early retirement is approximately \$93,935 as of June 30, 2011.

**Note 12 - Other Matters:**

In January 2003, the District entered into an agreement with a soft drink company in which the District agreed to purchase beverages exclusively from this company. In return, the soft drink company provided the District with two outdoor scoreboards. The agreement is for ten years commencing on January 31, 2003, and continues through January 30, 2013. In the event the soft drink company is not the exclusive provider of beverages to the District, the District would be required to reimburse the soft drink company for a percentage of the scoreboards.

**Note 13 - Accounting Change/Restatement of Beginning Net Assets/Fund Balance:**

Several changes were made to the beginning net assets/fund balance of the District as follows:

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 13 - Accounting Change/Restatement of Beginning Net Assets/Fund Balance:  
(Continued)**

As a result of further review of a study conducted by the District, it was determined that accumulated depreciation of the capital assets of the governmental activities was overstated. This adjustment subtracts this additional accumulated depreciation to the assets of the governmental activities. In addition, several disposed assets were not removed from the District's records. These items have been removed as part of this adjustment. This causes the total assets and the total net assets of the governmental activities to increase by \$107,223.

	Governmental Activities	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
	-----	-----	-----
Balances June 30, 2010, as previously reported	\$ 5,306,269	\$ 1,780,274	\$ 141,092
Change in fund type classification per implementation of GASB Statement No. 54	---	141,092	(141,092)
Prior period adjustment	107,223	---	---
	-----	-----	-----
Balances July 1, 2010, as restated	\$ 5,413,492	\$ 1,921,366	\$ ---
	=====	=====	=====

**Note 14 - 28E Agreements:**

On January 10, 2011, the District entered into a 28E Agreement with the Andrew Community School District. The purpose of the agreement is to establish and implement the Facility Improvement Program for Andrew students attending Bellevue secondary schools under the parties' Sharing Agreement.

**Note 15 - Construction Commitment:**

The District has entered into a contract totaling \$56,670 for the addition to a bus garage. As of June 30, 2011, costs of \$42,730 had been incurred against this contract. The balance of \$13,940 remaining at June 30, 2011, will be paid as work on the project progresses.

**Note 16- Subsequent Events:**

Subsequent events have been evaluated by management through March 5, 2012, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE  
RETIREE HEALTH PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
-----	-----	-----	-----	-----	-----	-----	-----
2010	July 1, 2009	---	342,000	342,000	0.0%	3,564,000	9.6%
2011	July 1, 2009	---	342,000	342,000	0.0%	3,703,880	9.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2011**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
<b>Revenues</b>						
Local sources	\$ 3,807,412	\$ 157,149	\$ 3,964,561	\$ 3,776,349	\$ 3,776,349	\$ 188,212
Intermediate sources	25,086	---	25,086	3,122	3,122	21,964
State sources	3,227,569	2,469	3,230,038	3,708,859	3,708,859	(478,821)
Federal sources	407,346	103,573	510,919	369,300	369,300	141,619
Total Revenues	\$ 7,467,413	\$ 263,191	\$ 7,730,604	\$ 7,857,630	\$ 7,857,630	\$ (127,026)
<b>Expenditures</b>						
Instruction	\$ 4,258,108	\$ ---	\$ 4,258,108	\$ 5,736,413	\$ 5,736,413	\$ 1,478,305
Support services	2,025,012	---	2,025,012	2,705,566	2,705,566	680,554
Non-instructional programs	21,745	265,771	287,516	389,530	389,530	102,014
Other expenditures	2,368,027	---	2,368,027	4,235,112	4,235,112	1,867,085
Total Expenditures	\$ 8,672,892	\$ 265,771	\$ 8,938,663	\$ 13,066,621	\$ 13,066,621	\$ 4,127,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,205,479)	\$ (2,580)	\$ (1,208,059)	\$ (5,208,991)	\$ (5,208,991)	\$ 4,000,932
Other Financing Sources, Net	100	---	100	---	---	100
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,205,379)	\$ (2,580)	\$ (1,207,959)	\$ (5,208,991)	\$ (5,208,991)	\$ 4,001,032
Balances Beginning of Year	3,212,476	36,222	3,248,698	5,208,991	5,208,991	(1,960,293)
Balances End of Year	\$ 2,007,097	\$ 33,642	\$ 2,040,739	\$ ---	\$ ---	\$ 2,040,739

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
- BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2011**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund that may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**SCHEDULE "1"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
<b>Assets</b>				
Cash and pooled investments	\$ 82,726	\$ 46,349	\$ 246,493	\$ 375,568
Receivables:				
Property tax:				
Delinquent	---	702	---	702
Succeeding year	---	142,000	---	142,000
Prepaid expenses	---	1,005	---	1,005
Total Assets	<u>\$ 82,726</u>	<u>\$ 190,056</u>	<u>\$ 246,493</u>	<u>\$ 519,275</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accrued interest and principle payable	\$ ---	\$ ---	\$ 246,493	\$ 246,493
Deferred revenue:				
Succeeding year property tax	---	142,000	---	142,000
Total Liabilities	<u>\$ ---</u>	<u>\$ 142,000</u>	<u>\$ 246,493</u>	<u>\$ 388,493</u>
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ ---	\$ 1,005	\$ ---	\$ 1,005
Restricted for:				
Student activities	82,726	---	---	82,726
Management levy purposes	---	47,051	---	47,051
Total Fund Balances	<u>\$ 82,726</u>	<u>\$ 48,056</u>	<u>\$ ---</u>	<u>\$ 130,782</u>
Total Liabilities and Fund Balances	<u>\$ 82,726</u>	<u>\$ 190,056</u>	<u>\$ 246,493</u>	<u>\$ 519,275</u>

See accompanying independent auditor's report.

**SCHEDULE "2"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

Special Revenue Funds

	Student Activity	Management	Debt Service	Total
<b>Revenues</b>				
Local Sources:				
Local tax	\$ ---	\$ 50,093	\$ ---	\$ 50,093
Other	160,855	12,885	---	173,740
State sources	---	44	---	44
Total Revenues	\$ 160,855	\$ 63,022	\$ ---	\$ 223,877
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$ ---	\$ 154,090	\$ ---	\$ 154,090
Other	166,503	---	---	166,503
Total Instruction	\$ 166,503	\$ 154,090	\$ ---	\$ 320,593
Support Services:				
Student	\$ ---	\$ 362	\$ ---	\$ 362
Instructional staff	---	234	---	234
Administration	---	17,566	---	17,566
Operation and maintenance of plant	---	39,288	---	39,288
Transportation	---	19,147	---	19,147
Total Support Services	\$ ---	\$ 76,597	\$ ---	\$ 76,597
Non-instructional Programs	\$ ---	\$ 4,284	\$ ---	\$ 4,284
Other Expenditures:				
Facilities acquisition	\$ ---	\$ ---	\$ ---	\$ ---
Long-term debt:				
Principal	---	---	---	---
Interest and fiscal charges	---	---	383,033	383,033
Total Other Expenditures	\$ ---	\$ ---	\$ 383,033	\$ 383,033

See accompanying independent auditor's report.

**SCHEDULE "2" (Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
<b>Expenditures (Continued)</b>				
Total Expenditures	\$ 166,503	\$ 234,971	\$ 383,033	\$ 784,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (5,648)	\$ (171,949)	\$ (383,033)	\$ (560,630)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ ---	\$ ---	\$ 383,033	\$ 383,033
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (5,648)	\$ (171,949)	\$ ---	\$ (177,597)
Fund Balances Beginning of Year	88,374	220,005	---	308,379
Fund Balances End of Year	\$ 82,726	\$ 48,056	\$ ---	\$ 130,782

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET  
CAPITAL PROJECT ACCOUNTS**

**YEAR ENDED JUNE 30, 2011**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 414,244	\$ 164,885	\$ 579,129
Receivables:			
Property tax:			
Delinquent	---	2,211	2,211
Succeeding year	---	164,932	164,932
Income surtax	---	142,565	142,565
Accounts	956	---	956
Dues from other governments	136,426	---	136,426
Total Assets	<u>\$ 551,626</u>	<u>\$ 474,593</u>	<u>\$ 1,026,219</u>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 199,723	\$ ---	\$ 199,723
Deferred revenue:			
Succeeding year property tax	---	164,932	164,932
Income surtax	---	142,565	142,565
Total Liabilities	<u>\$ 199,723</u>	<u>\$ 307,497</u>	<u>\$ 507,220</u>
Fund Equity:			
Restricted for:			
Debt service	\$ 383,330	\$ ---	\$ 383,330
Physical plant and equipment	---	167,096	167,096
Unassigned	(31,427)	---	(31,427)
Total Fund Equity	<u>\$ 351,903</u>	<u>\$ 167,096</u>	<u>\$ 518,999</u>
Total Liabilities and Fund Equity	<u>\$ 551,626</u>	<u>\$ 474,593</u>	<u>\$ 1,026,219</u>

See accompanying independent auditor's report.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**CAPITAL PROJECT ACCOUNTS**

**YEAR ENDED JUNE 30, 2011**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Revenues</b>			
Local Sources:			
Local tax	\$ 417,233	\$ 318,882	\$ 736,115
Other	8,878	6,286	15,164
State sources	---	144	144
Total Revenues	\$ 426,111	\$ 325,312	\$ 751,423
<b>Expenditures</b>			
Instruction:			
Regular instruction	\$ 735	\$ 16,368	\$ 17,103
Support Services:			
Operation and maintenance of plant	---	11,251	11,251
Non-instructional programs	---	17,461	17,461
Other Expenditures:			
Facilities acquisition	1,470,714	254,228	1,724,942
Total Expenditures	\$ 1,471,449	\$ 299,308	\$ 1,770,757
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,045,338)	\$ 26,004	\$ (1,019,334)
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	\$ (383,033)	\$ ---	\$ (383,033)
Total Other Financing Sources (Uses)	\$ (383,033)	\$ ---	\$ (383,033)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,428,371)	\$ 26,004	\$ (1,402,367)
Fund Balances Beginning of Year	1,780,274	141,092	1,921,366
Fund Balances End of Year	\$ 351,903	\$ 167,096	\$ 518,999

See accompanying independent auditor's report.

**SCHEDULE "5"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,  
STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2011**

	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
JH/SR Athletics	\$ 21,853	\$ 57,393	\$ 54,112	\$ 185	\$ 25,318
Pep Club	1,745	54	62	12	1,749
JH SADD	360	---	---	2	362
HS SADD	72	---	---	---	72
Cheerleading	179	4,065	3,678	5	571
Spanish Club	5,983	4,120	7,486	37	2,654
Musical/Play	6,263	2,564	478	50	8,399
Letterman's Club	701	1,575	1,428	6	854
Boys' Basketball	1,691	7,920	8,908	9	712
FFA	670	281	842	4	113
Volleyball	421	1,805	2,623	---	(397)
Dance Team	6,433	11,111	10,135	41	7,450
FBLA	175	8,569	7,641	4	1,107
Bowling	---	170	---	---	170
Elementary	10,225	1,644	1,435	68	10,502
Preschool	1,174	103	202	8	1,083
Band	3,005	---	---	20	3,025
Vocal	771	---	---	5	776
Color Guard	553	2,084	1,951	5	691
Band resale	(3,018)	599	656	---	(3,075)
Music Boosters	17,662	8,882	19,894	114	6,764
Class of 2011	1,283	761	2,044	---	---
Class of 2012	1,222	10,220	8,089	24	3,377
Class of 2013	1,055	1,824	1,028	8	1,859
Class of 2014	---	968	117	2	853
HS Yearbook	78	6,961	4,781	---	2,258
JH Yearbook	1,896	---	507	12	1,401
HS Student Council	2,919	22,665	22,672	34	2,946
JH Student Council	3,003	3,683	5,573	18	1,131
Interest	---	834	161	(673)	---
	-----	-----	-----	-----	-----
Total	\$ 88,374	\$ 160,855	\$ 166,503	\$ ---	\$ 82,726
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

**SCHEDULE "6"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND  
YEAR ENDED JUNE 30, 2011**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	-----	-----	-----	-----
<b>Assets</b>				
Cash and deposits	\$ 2,508	\$ 784	\$ ---	\$ 3,292
Accounts receivable	6,439	---	937	5,502
	-----	-----	-----	-----
Total	\$ 8,947	\$ 784	\$ 937	\$ 8,794
	=====	=====	=====	=====
<b>Liabilities</b>				
Payable to others	\$ 8,947	\$ ---	\$ 153	\$ 8,794
	=====	=====	=====	=====

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS**

Modified Accrual Basis

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Local Sources:										
Local tax	\$ 3,046,552	\$ 2,844,162	\$ 2,703,540	\$ 2,531,049	\$ 2,389,620	\$ 2,313,586	\$ 2,159,390	\$ 2,269,904	\$ 1,920,881	\$ 1,647,758
Tuition	440,361	330,040	335,167	330,321	283,742	252,472	230,006	199,156	207,804	145,934
Other	320,499	311,037	320,983	310,493	330,782	384,018	316,851	285,445	272,448	334,051
Intermediate sources	25,086	9,778	2,253	7,392	3,584	819	2,869	2,422	4,046	713
State sources	3,227,569	2,911,345	3,344,716	3,246,496	3,040,874	2,953,440	2,845,615	2,657,970	2,826,425	2,799,037
Federal sources	407,346	573,714	291,614	186,057	182,353	217,658	272,128	293,914	245,145	292,417
<b>Total</b>	<b>\$ 7,467,413</b>	<b>\$ 6,980,076</b>	<b>\$ 6,998,273</b>	<b>\$ 6,611,808</b>	<b>\$ 6,230,955</b>	<b>\$ 6,121,993</b>	<b>\$ 5,826,859</b>	<b>\$ 5,708,811</b>	<b>\$ 5,476,749</b>	<b>\$ 5,219,910</b>

**SCHEDULE "7" CONTINUED**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS**

Modified Accrual Basis

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenditures</b>										
Instruction:										
Regular instruction	\$ 2,455,207	\$ 2,591,075	\$ 2,581,411	\$ 2,547,455	\$ 2,414,925	\$ 2,195,795	\$ 2,153,251	\$ 2,144,939	\$ 2,074,235	\$ 2,080,749
Special instruction	854,220	781,723	787,638	772,229	692,832	719,410	581,232	675,876	695,963	638,447
Other instruction	948,681	875,644	758,712	762,866	716,904	624,042	655,629	542,372	512,655	488,613
Support Services:										
Student	194,366	190,334	145,866	152,135	138,638	128,072	121,377	107,197	101,766	93,760
Instructional staff	256,279	214,403	227,242	219,405	247,715	271,116	209,344	224,553	200,120	180,180
Administration	606,886	628,971	646,094	653,708	678,779	614,044	572,193	528,566	522,703	512,901
Operation and maintenance of plant	535,183	468,702	486,124	500,982	476,967	485,668	438,897	408,172	390,310	380,472
Transportation	432,298	418,900	424,730	539,029	530,539	393,797	481,302	430,656	373,646	340,290
Central support services	---	---	---	---	---	---	---	---	1,077	---
Non-instructional programs	21,745	32,831	5,276	5,312	4,596	5,731	3,622	2,508	2,300	2,036
Other Expenditures:										
Facilities acquisition	1,724,942	3,807,012	268,372	180,051	466,029	329,771	383,790	74,350	266,562	573,886
Long-term debt:										
Principal	---	304,298	80,000	75,000	75,000	70,000	65,000	60,000	50,000	---
Interest and other charges	383,033	123,584	13,475	16,381	19,288	22,000	24,519	26,844	35,977	---
AEA flowthrough	260,052	260,399	244,209	233,130	222,197	212,209	205,319	201,473	216,669	218,532
<b>Total</b>	<b>\$ 8,672,892</b>	<b>\$10,697,876</b>	<b>\$ 6,669,149</b>	<b>\$ 6,657,683</b>	<b>\$ 6,684,409</b>	<b>\$ 6,071,655</b>	<b>\$ 5,895,475</b>	<b>\$5,427,506</b>	<b>\$ 5,443,983</b>	<b>\$ 5,509,866</b>

See accompanying independent auditor's report.

# **O'CONNOR, BROOKS & CO., P.C.**

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the  
Bellevue Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Bellevue Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 5, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the required supplementary information including Management's Discussion and Analysis.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Bellevue Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Bellevue Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bellevue Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Bellevue Community School District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Questioned Costs as items I-A-11 and I-B-11 to be material weaknesses. These items were noted in the prior year audit.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bellevue Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bellevue Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Bellevue Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the Bellevue Community School District and other parties to whom the District may report, including federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Bellevue Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor, Brooks & Co., P.C.*  
Dubuque, Iowa  
March 5, 2012

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were reported.

**MATERIAL WEAKNESSES:**

- I-A-11 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the board secretary performs substantially all of the significant accounting functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. We recommend that the bank statements continue to be delivered directly to the Superintendent for review before being given to the secretary for reconciliation. The District should also continue to review its operating procedures to obtain the maximum internal accounting control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

- I-B-11 Adjusting Journal Entries - Material adjustments were made to the financial statements to represent a fair presentation of the District's financial statements as June 30, 2011. Account balances that required adjustment included capital assets, accounts payable, and facilities acquisition expenditures.

Recommendation - We recommend the District implement procedures to reasonably assure that account balances are fairly stated.

Response - We will consider this.

Conclusion - Response accepted.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**Part II: Other Findings Related to Statutory Reporting:**

- II-A-11 Certified Budget - Disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.
- II-B-11 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-11 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-11 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- II-G-11 Certified Enrollment - The number of resident public students attending the District and the number of non-public shared time and CPI students dual enrolled for District classes reported to the Iowa Department of Education on the Certified Enrollment Certification Form for October 2010 were overstated. The District's certified enrollment count included one resident student and one non-public shared time student which were funded but not enrolled. This resulted in overstating the total actual enrollment by a weighted amount of 1.12.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - We will contact the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

- II-H-11 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

II-I-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.

II-J-11 Student Activity Fund - The Student Activity Fund had two accounts with deficit balances at June 30, 2011.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate any deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.

II-K-11 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

II-L-11 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 1,780,274
Statewide sales and services tax revenue	417,233
Other	8,878
	-----
	\$ 2,206,385

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

II-L-11 Statewide Sales and Services Tax

Expenditures/transfers out:		
School infrastructure:		
Construction	\$ 1,470,714	
Equipment	735	
Debt service for school infrastructure:		
Revenue debt	338,735	
Capital lease	44,298	1,854,482
	-----	-----
Ending balance		\$ 351,903
		=====

For the year ended June 30, 2011, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423 F of the Code of Iowa.

II-M-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

# **O'CONNOR, BROOKS & CO., P.C.**

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To the Board of Education of the  
Bellevue Community School District  
Bellevue, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bellevue Community School District for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our discussion on July 12, 2011. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bellevue Community School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation is based on the expected useful lives of the assets placed in service. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures can be particularly sensitive because of their significance to financial statement users.

No particularly sensitive disclosures were noted.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Journal entries were suggested to, and approved by, management. These journal entries were provided to Penny Medinger on March 5, 2012.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 5, 2012.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education of Bellevue Community School District and is not intended to be and should not be used by anyone other than these specified parties.

O'CONNOR, BROOKS, & CO., P.C.

*O'Connor Brooks & Co., P.C.*  
Dubuque, Iowa  
March 5, 2012